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Chuan Holdings Limited
川控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1420)

INSIDE INFORMATION
PROFIT WARNING

This announcement is made by Chuan Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") would like to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (the "**FY2020**") and the information currently available, the Group is expected to record consolidated loss attributable to owners of the Company for FY2020 of not less than approximately S$8.1 million, which represented a substantial decrease in the net profit attributable to owners of the Company as compared to a net profit attributable to owners of the Company for the year ended 31 December 2019 (the "**FY2019**") of approximately S$1.0 million. While a loss was expected for FY2020, the liquidity of the Group remains strong with cash and cash equivalents of approximately S$46.2 million as at 31 December 2020. The Company is still in the process of finalising the annual results of the Group for the FY2020. Based on the information currently available to the Board, such expected net loss was mainly attributable to the following key combining factors:

(i) the stoppage of non-essential construction activities during Circuit Breaker between 7 April and 1 June 2020 imposed by the Singapore Government to combat COVID-19 as well as the subsequent slow resumption of work had led to lower revenue recognition in FY2020;

* *For identification purposes only*

(ii) the increase in operating costs of approximately S$4.7 million comprising an increase in subcontracting fees, overheads and dumping charges attributable to various projects while other fixed costs such as manpower costs and depreciation remained to be incurred despite the prolongation of projects. Such costs were partially offset by the decrease in diesel and leasing costs as a result of the suspension of construction activities;

(iii) the increase in the expected impairment losses on deposits, receivables and contract assets totally of approximately S$5.8 million in view of the economic downturn as compared to approximately S$276,000 for FY2019. Such impairment losses are non-cash items and therefore have no material impact on the Group's daily operations and cash flow; and

(iv) the financial assistance received from the Singapore Government in the form of foreign worker levies rebates and waiver, wage support, rental waiver, as well as the Construction Restart Booster totally of approximately S$5.7 million has helped to defray part of the Group's manpower and rental costs during the COVID-19 pandemic.

As at the date of this announcement, the Group has resumed most of its construction activities with stringent safety and health requirements on manpower imposed by the Singapore Government. The Board remains optimistic about the future long-term development of the Group.

The Company is in the process of finalising the Group's audited financial results for FY2020. The information contained in this announcement is only based on a preliminary assessment made by the Board on the unaudited consolidated management accounts of the Group for FY2020 and information currently available to the Board, and such information has not been reviewed by the Company's independent auditor. Shareholders and potential investors are advised to refer to the details of the Group's financial results for FY2020, which are expected to be released by way of an announcement on or around 30 March 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Chuan Holdings Limited
Phang Yew Kiat
Chairman and Non-executive Director

Hong Kong, 22 March 2021

As at the date of this announcement, the Board comprises Mr. Lim Kui Teng, Mr. Quek Sze Whye, Mr. Bijay Joseph and Mr. Lau Yan Hong as executive Directors; Mr. Phang Yew Kiat as non-executive Director; and Mr. Chan Po Siu, Mr. Wee Hian Eng, Cyrus and Mr. Xu Fenglei as independent non-executive Directors.